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S BUILDING BLOCKS STUDENT WORKSHEET

Qualifying for loans

Not everyone who applies for a loan qualifies for it. In this activity, you'll write a description of an individual who qualifies or doesn't qualify for a secured and an unsecured loan based on their creditworthiness.

Instructions

- 1. Using what you've learned about secured and unsecured loans, describe a person that fits one of the scenarios below.
- 2. Be creative in describing your person and the characteristics that helped or hurt their creditworthiness.
- 3. Share your description with your classmates.

Four scenario options

Write a description of an individual who fits one of these credit scenarios:

1. Secured loan - qualifies

3. Unsecured loan - qualifies

2. Secured loan - does not qualify

4. Unsecured loan - does not qualify

Here's an example to get your ideas flowing:

Scenario: Secured loan - qualifies

Joe is 23. He just graduated from college and has \$7,500 in college loan debt. He got his first credit card when he was 18 by having his mom cosign on the account, and he has used it carefully. He makes sure he only uses the card for true emergencies: no late-night pizza purchases! When Joe uses his credit card, he adjusts his budget for the next few months so that he can pay it off as soon as possible. He has had two or three late payments of two or three days each in the past five years, so his credit score is good. Joe doesn't have a job yet, but he's looking diligently. He wants to buy a car. He'll likely qualify for a secured loan because he has a good credit score and the car will be his collateral.

Your credit scenario

Mark the box that applies to the individual you will be writing about.

Secured loan - qualifies Unsecured loan - qualifies

Secured loan - does not qualify

Unsecured loan - does not qualify